SUMMER TRAINING

AT

AUROBINDO PHARMA LIMITED, HYDERABAD

FROM 1ST APRIL 2019 TO 31ST MAY 2019

REPORT ON

DEVELOPMENT OF COUNTRY TENDER BUSINESS OF ANTI RETRO VIRAL DRUGS IN AUROBINDO PHARMA LIMITED

BY

SHWETHA.T

MBA PHARMACEUTICAL MANAGEMENT

2018 – 2020

IIHMR UNIVERSITY

CERTIFICATE

This is to certify that **Shwetha. T** has undergone Summer Training at **Aurobindo Pharma Limited, Hyderabad** from 1st April 2019 to 31st May 2019.

The candidate herself has completed the project assigned to her in summer training. Her approach to project was sincere and proactive. This Summer Training is in partial fulfillment of the course requirement recommended for the award of MBA in Pharmaceutical Management.

I wish her success in all her future endeavors.

Dr. Ashok Peepliwal
Associate Professor
School of Pharmaceutical Management
IIHMR University, Jaipur

Dr. Sandeep Narula
Dean-in-charge (Associate Professor)
School of Pharmaceutical Management
IIHMR University, Jaipur

AUROBINDO

31st May, 2019.

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Ms. Shwetha.T** with Reg.No.**0151** Pursuing MBA in Pharmaceutical Management from Indian Institute of Health management Research (IIHMR) Jaipur, has successfully completed the project from 01.04.2019 to 31.05.2019 in Business Development ARV Department in our organization. Her conduct during the training period was satisfactory.

We wish her all the best for her future.

With Best Wishes,

For Aurobindo Pharma Ltd

Authorized Signatory

(CIN : L24239TG1986PLC015190) AUROBINDO PHARMA LIMITED PAN No. AABCA7366H

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ACKNOWLEDGEMENT

The success and final outcome of this project required a lot of guidance and assistance from Mr. Jijo Jose, Assistant General Manager, Aurobindo Pharma Limited, Hyderabad and I am extremely privileged to have got this all along the completion of my project. All that I have done is only due to such supervision and assistance and I would not forget to thank them.

I owe my deep gratitude to my mentor Dr. Ashok Peepliwal, Assistant professor, School of Pharmaceutical Management, who took keen interest in this project work and guided me all along, till the completion of project work by providing all the necessary information for developing a good system.

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ACRONYMS/ABBREVIATIONS

APL - Aurobindo Pharma Limited

ARV - Anti - Retro Virals

LMIC – Low- and Middle-Income Countries

USAID - United States Agency for International Development

PEPFAR - President's Emergency Plan for AIDS Relief

PFSCM - Partnership For Supply Chain Management

UNICEF - The United Nations Children's Fund

UNDP - United Nations Development Programme

UNOPS - United Nations Office for Project Services

LTA - Long Term Agreement

CIP - Cost and Insurance Paid

C&F - Cost And Freight

DDP - Delivery Duty Paid

DAP - Delivery At Place

MOH - Ministry Of Health

RFQ - Request for quotation

SO - Sales Order

PO - Purchase Order

RATIONALE

Business development – ARV (Anti-Retro Viral Drugs)

South Africa is the nation with the huge disease burden of HIV and it is not decreasing fast enough. The largest ARV buyers are PEPFAR, The Global Fund, and Republic of South Africa.

The adult population on ARV medication has tripled since 2010 in some LMIC's.

Country tenders - mostly to African countries (Cameroon, Ethiopia, Kenya, Lesotho, Zimbabwe, Jamaica), Mauritius, Myanmar, Zambia, Swaziland, Ukraine, Philippines, Bolivia, Ghana, Rwanda, Botswana, Cambodia, Eritrea etc.

The top products that are delivered by participation in the tenders are AL, ALP, DTG 50, LPVR, LPVRP, TLE, and TLD. The company has filed over 1100 ARV dossiers for registrations across the globe

Factors contributing for the success of tenders – FOB, lead time (delivery time), freight cost, past performance in the tender participation and current financial performance in the market.

RESEARCH METHODOLOGY

RESEARCH QUESTION

What factors caused the APL to lose the country tenders from 2016-17 till 2018-19?

SPECIFIC OBJECTIVES

To find out the factors that caused APL to lose the country tenders from 2016-17 till 2018-19.

SAMPLE SIZE

183

SAMPLING METHOD

Non – probability purposive sampling method

DATA COMPILATION

<u>Source of data</u>

- Primary data from logistics department to get the current freight for the same quantity for the products that APL quoted at the time of participation.
- Secondary data from the Business development – ARV

<u>The process of cleaning the raw data</u>

(Only the country tenders participated at international level)

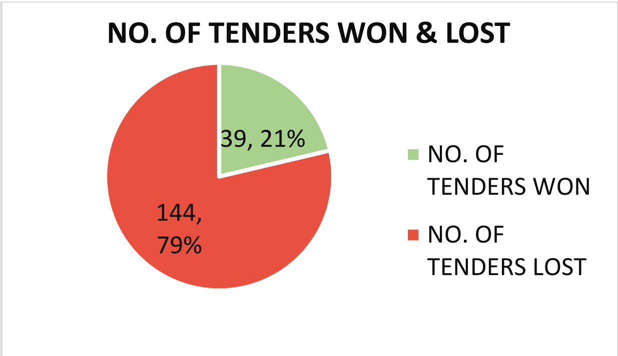
- Calculated the difference in APL PRICE and WINNING PRICE (by the winner)
- Received the current freight from the logistics for the same quantity for the products that APL quoted at the time of participation.
- Checked the lead time (Delivery Time) and registration from the price schedule.

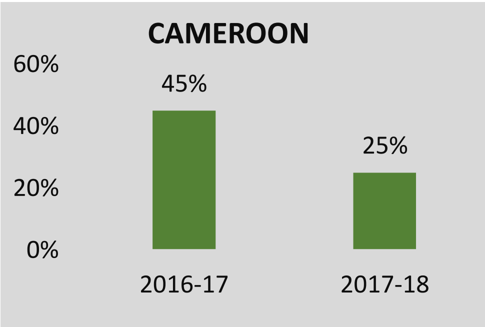
TOOLS USED: MS Excel

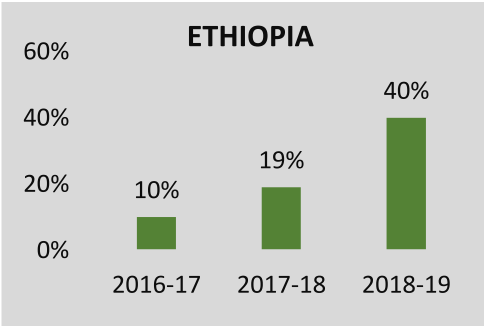
DATA ANALYSIS

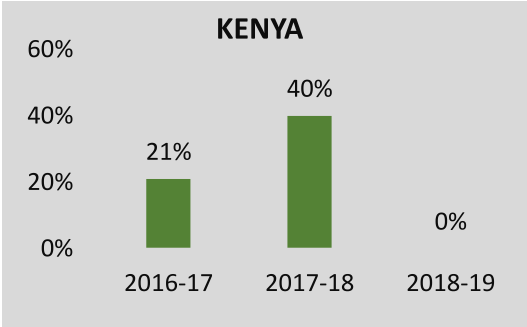
- Made remarks for each line about the reasons for losing those tenders.
- Used pivot table to summarize the data for various analysis and charts for pictorial representation for the same.

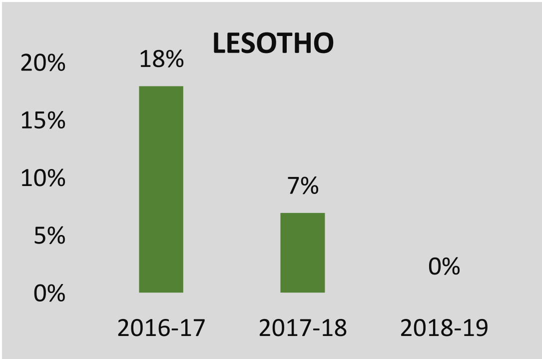
% OF TENDERS WON BY APL – COUNTRY WISE

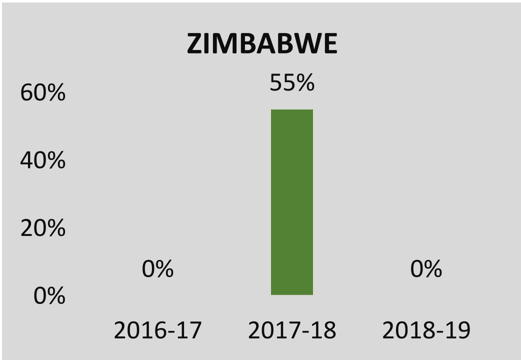




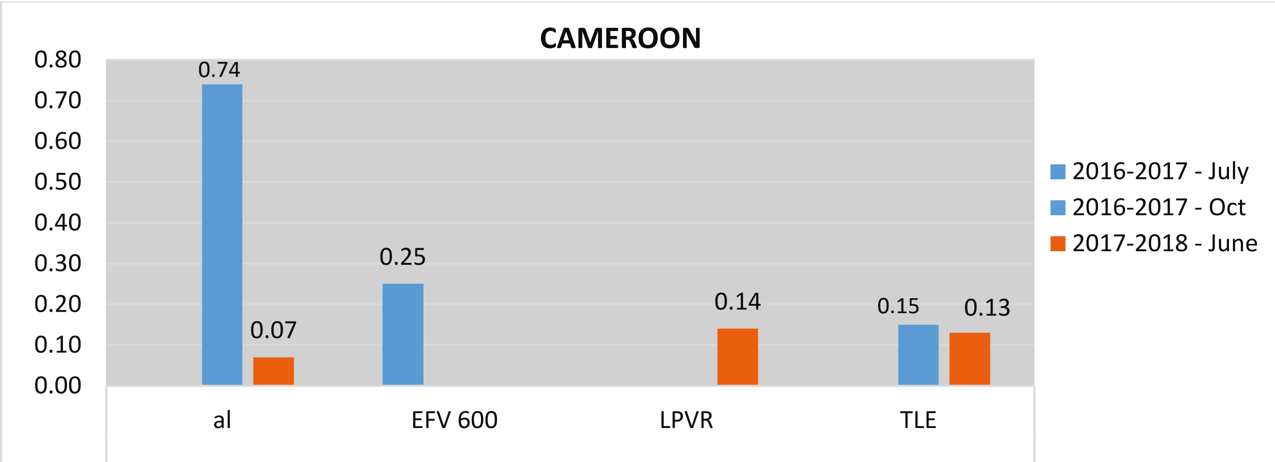


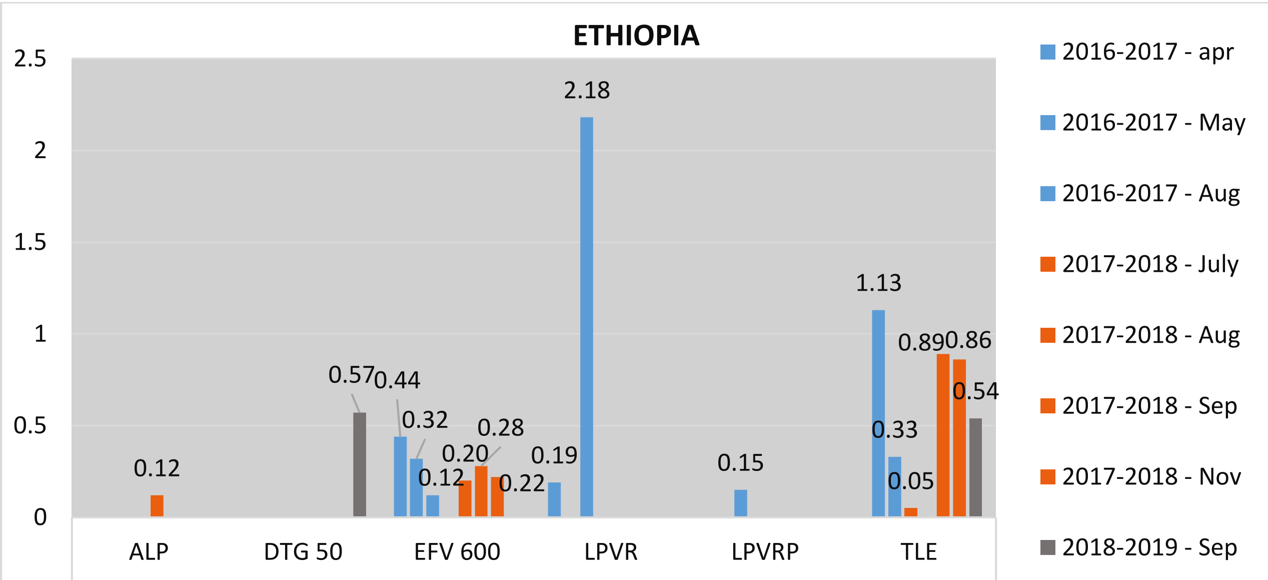

KENYA
60%
40%
20%
0%
21%
40%
0%
2016-17
2017-18
2018-19

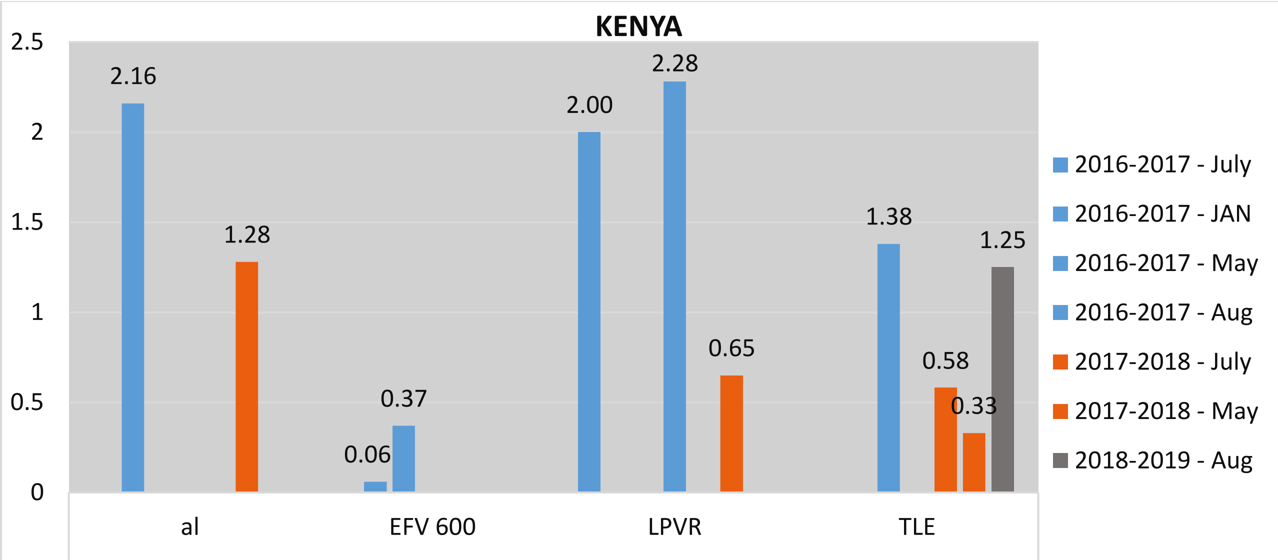

LESOTHO
20%
15%
10%
5%
0%
18%
7%
0%
2016-17
2017-18
2018-19

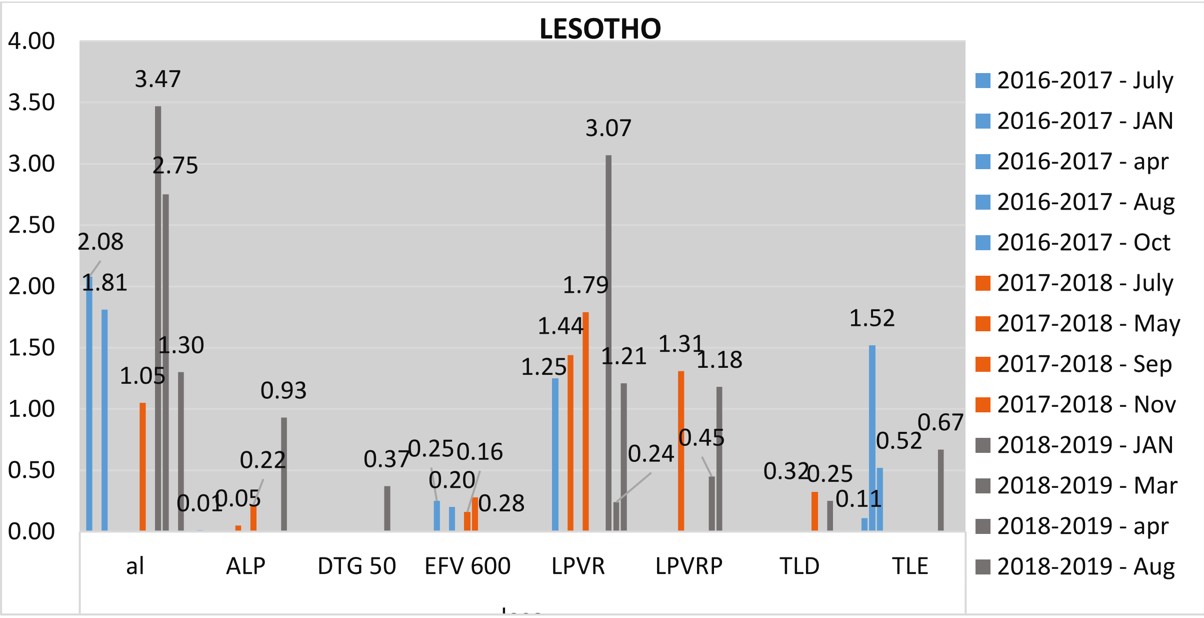

ZIMBABWE
60%
40%
20%
0%
0%
55%
0%
2016-17
2017-18
2018-19

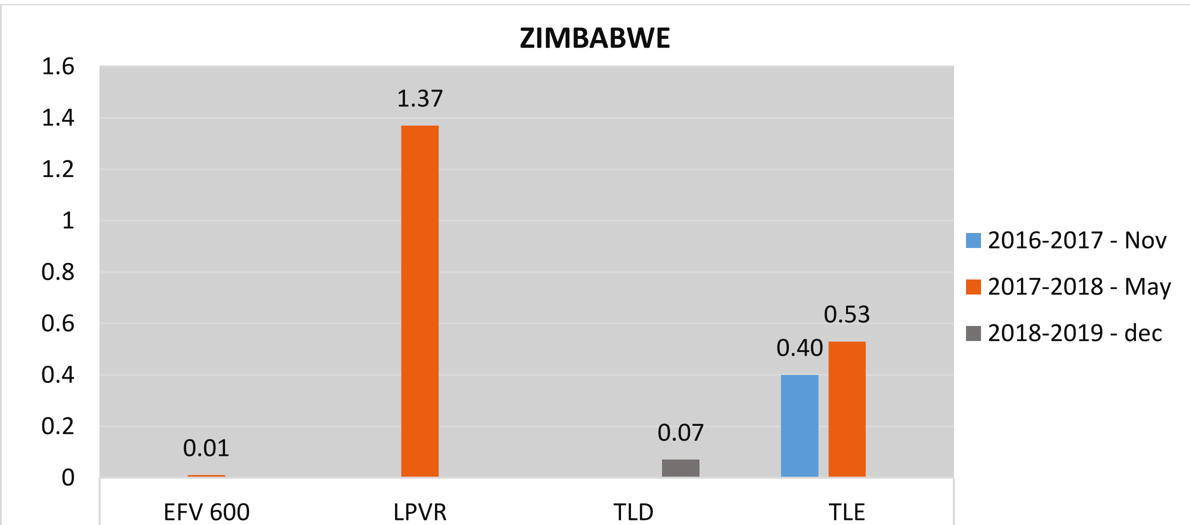
DIFFERENCE IN APL AND WINNING PRICE (in Cents) – COUNTRY WISE



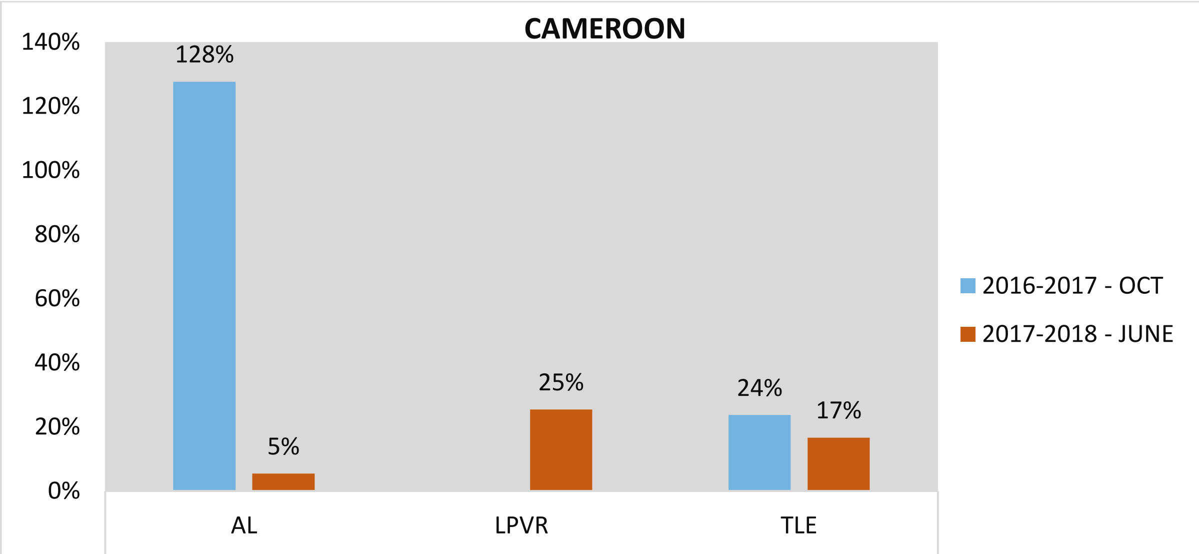


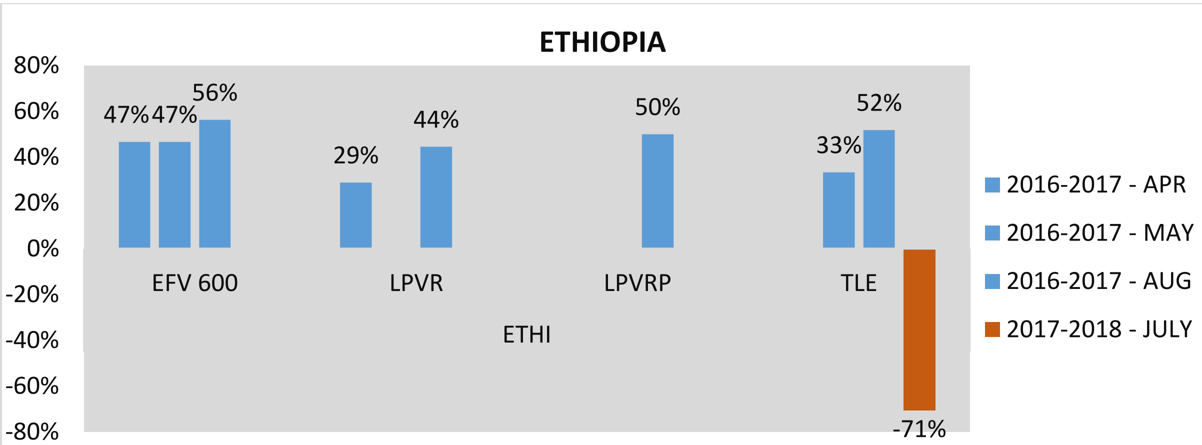

KENYA
2.16
1.28
0.06
0.37
2.00
2.28
0.65
1.38
0.58
0.33
1.25
al
EFV 600
LPVR
TLE
2016-2017 - July
2016-2017 - JAN
2016-2017 - May
2016-2017 - Aug
2017-2018 - July
2017-2018 - May
2018-2019 - Aug

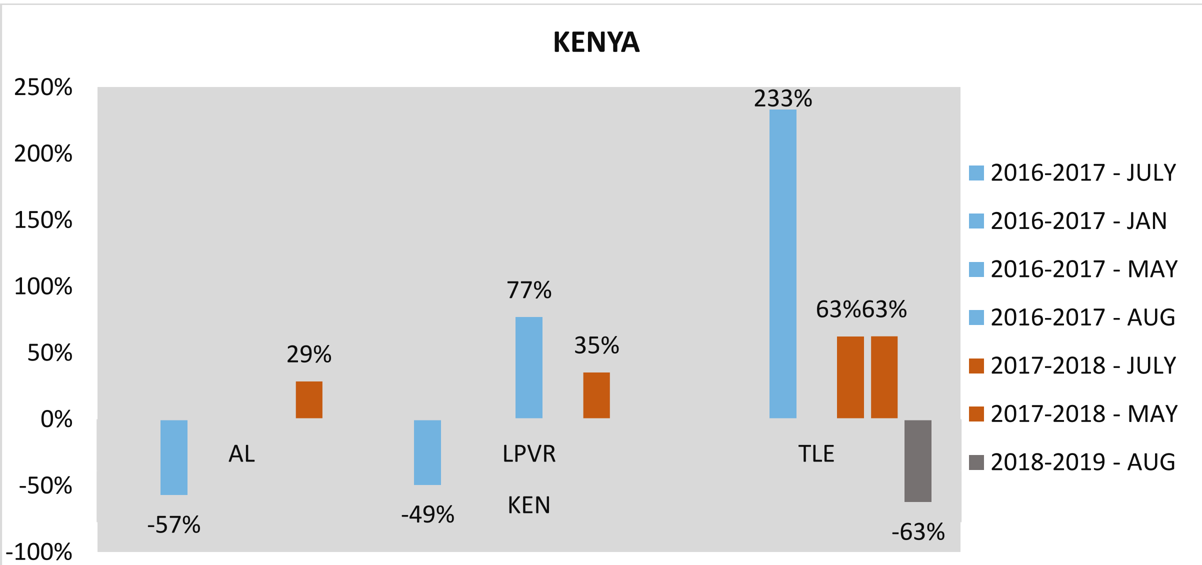

LESOTHO
al
ALP
DTG 50
EFV 600
LPVR
LPVRP
TLD
TLE
2016-2017 - July
2016-2017 - JAN
2016-2017 - apr
2016-2017 - Aug
2016-2017 - Oct
2017-2018 - July
2017-2018 - May
2017-2018 - Sep
2017-2018 - Nov
2018-2019 - JAN
2018-2019 - Mar
2018-2019 - apr
2018-2019 - Aug

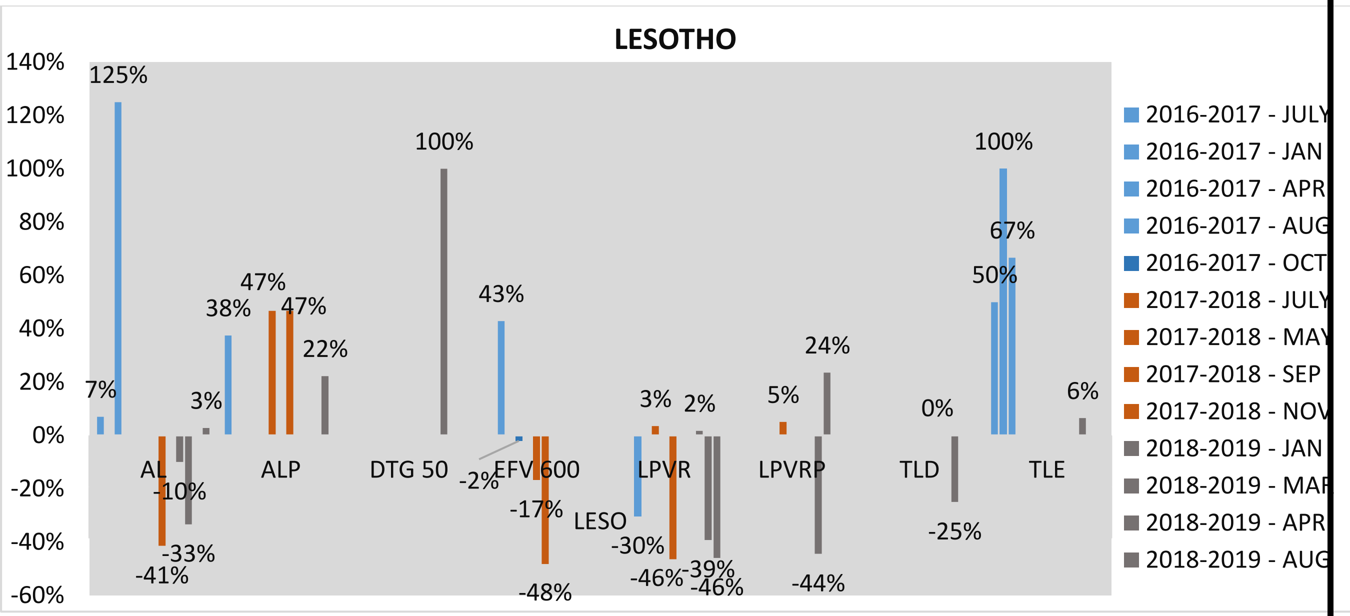

ZIMBABWE
0.01
1.37
0.07
0.40
0.53
EFV 600
LPVR
TLD
TLE
2016-2017 - Nov
2017-2018 - May
2018-2019 - dec

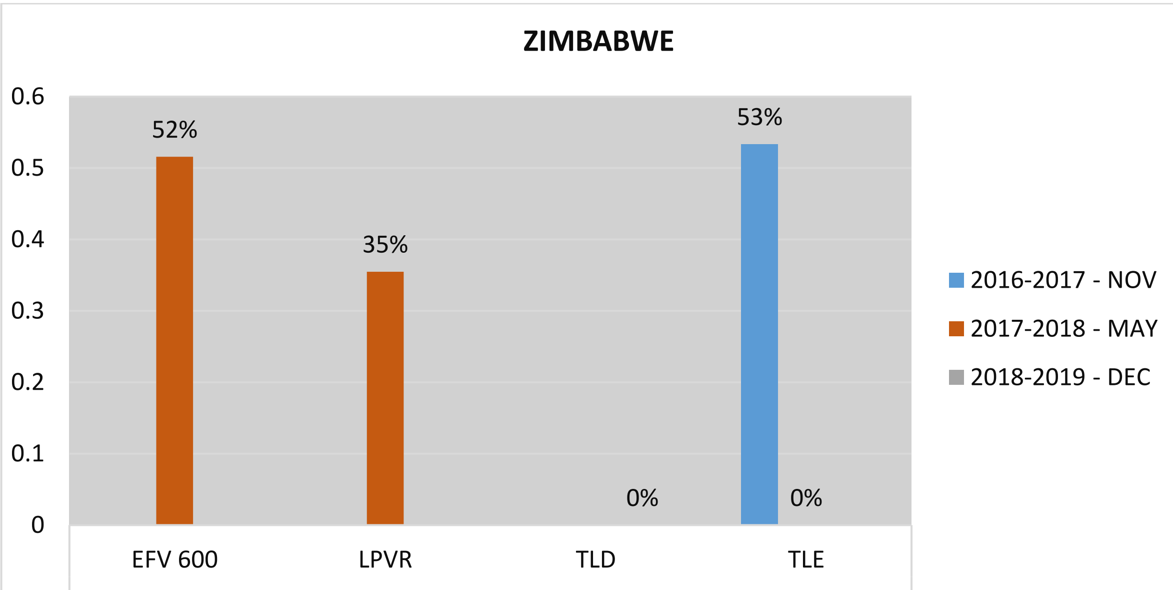
% INCREASE OR DECREASE IN THE CURRENT FREIGHT/PACK – COUNTRY WISE



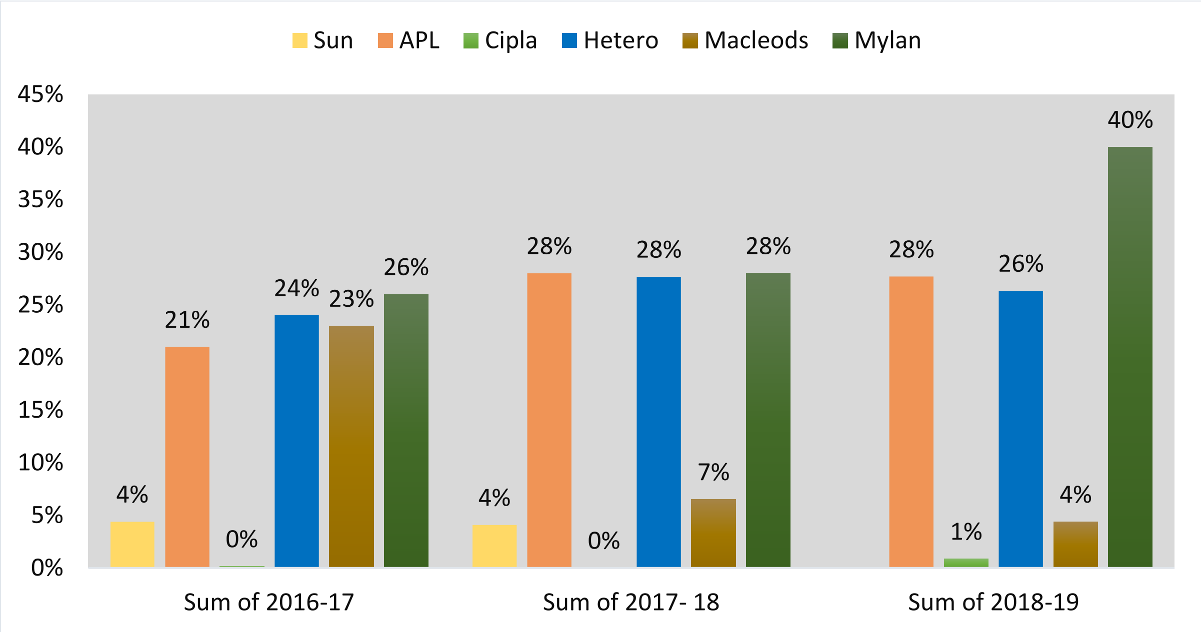


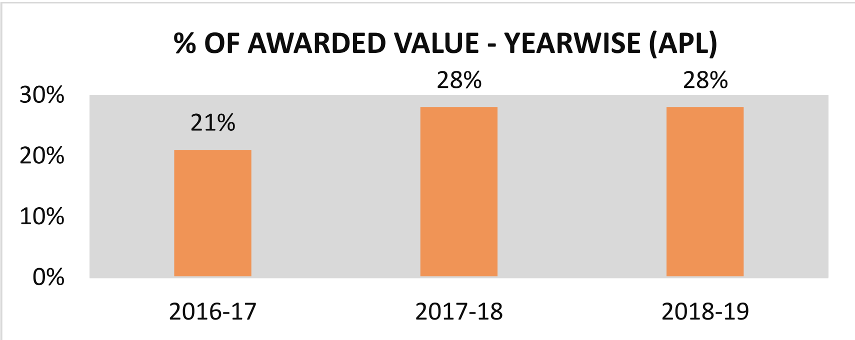



LESOTHO
140%
120%
100%
80%
60%
40%
20%
0%
-20%
-40%
-60%
125%
7%
-41%
-10%
-33%
3%
38%
47%
47%
22%
100%
43%
-2%
-17%
-48%
3%
-30%
-46%
2%
-39%
-46%
5%
24%
-44%
0%
-25%
100%
67%
50%
6%
AL
ALP
DTG 50
EFV 600
LESO
LPVR
LPVRP
TLD
TLE
2016-2017 - JULY
2016-2017 - JAN
2016-2017 - APR
2016-2017 - AUG
2016-2017 - OCT
2017-2018 - JULY
2017-2018 - MAY
2017-2018 - SEP
2017-2018 - NOV
2018-2019 - JAN
2018-2019 - MAR
2018-2019 - APR
2018-2019 - AUG

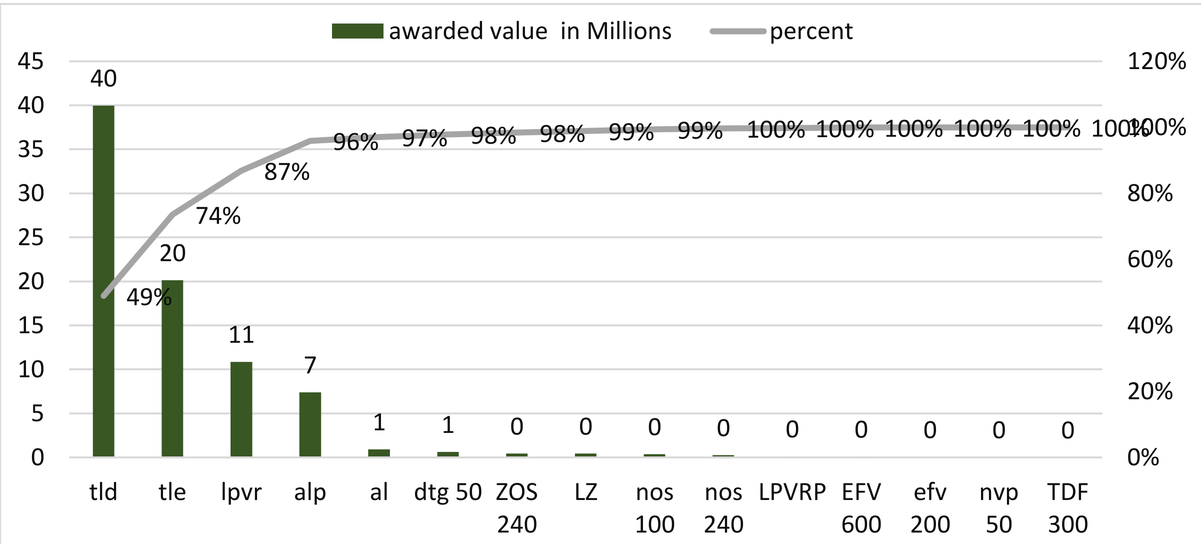

ZIMBABWE
0.6
0.5
0.4
0.3
0.2
0.1
0
52%
35%
0%
53%
0%
EFV 600
LPVR
TLD
TLE
2016-2017 - NOV
2017-2018 - MAY
2018-2019 - DEC

% OF AWARDED VALUE- YEAR WISE

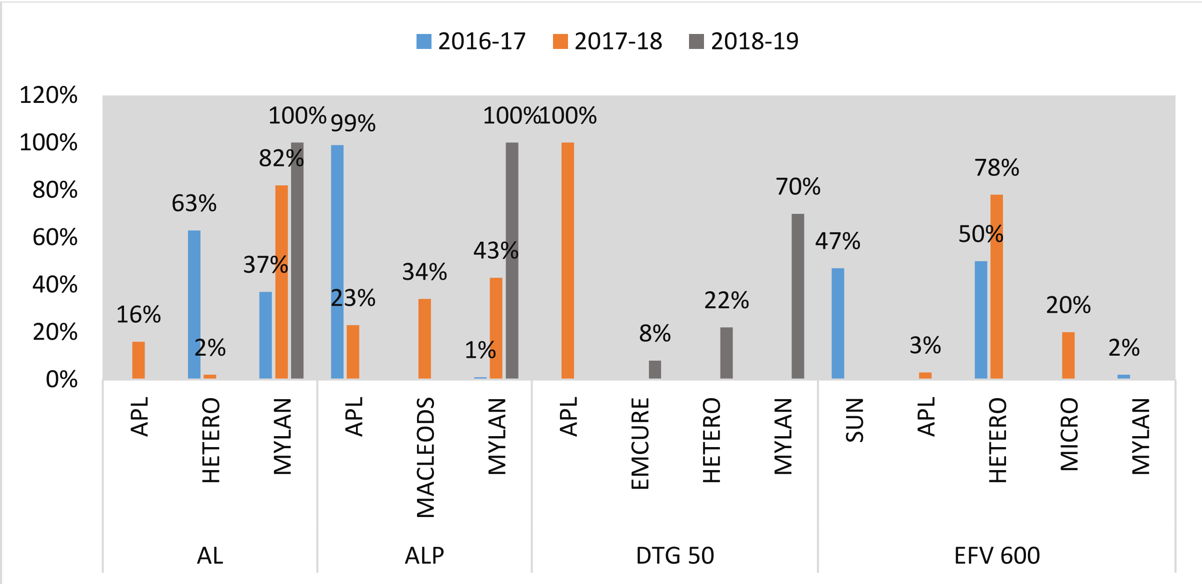


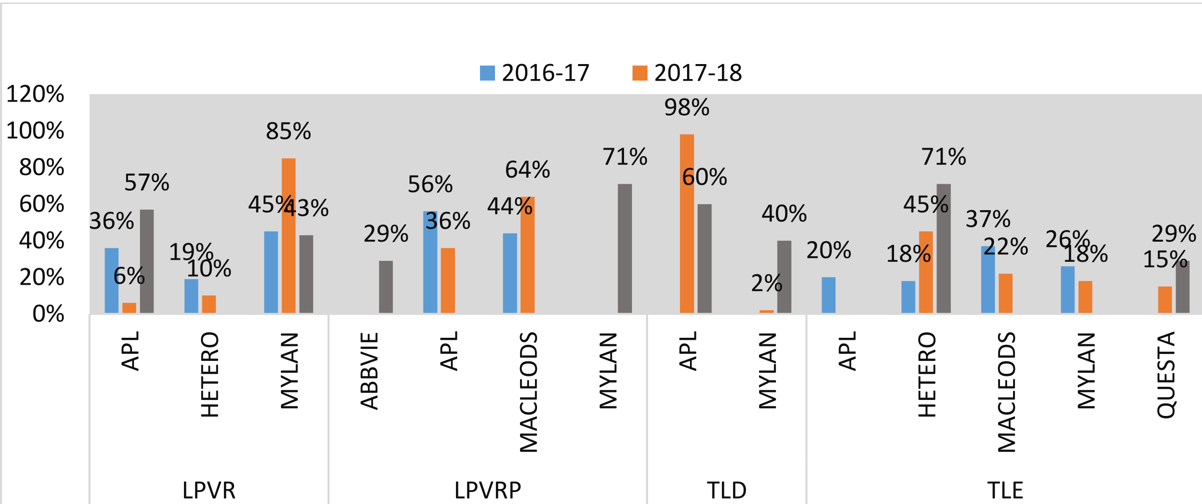


TOP PRODUCTS – AWARDED VALUE WISE

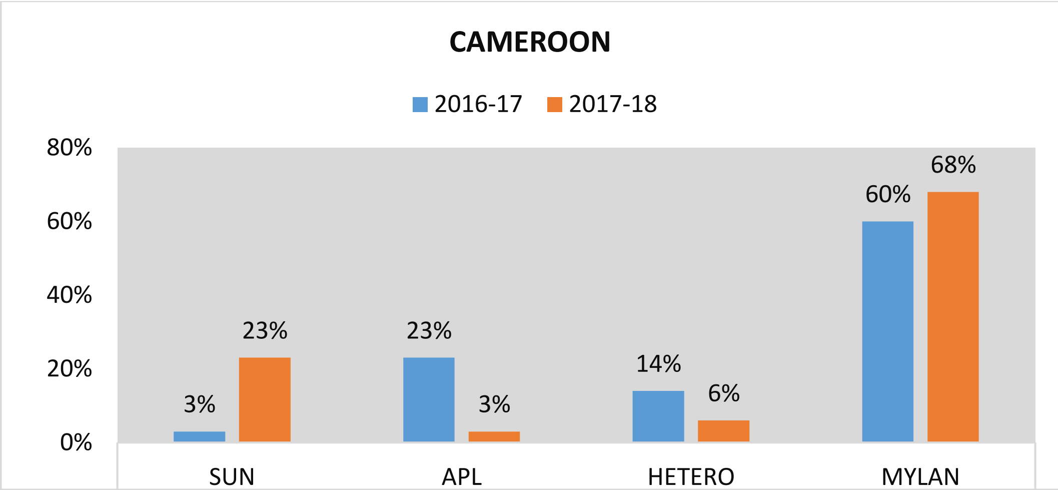


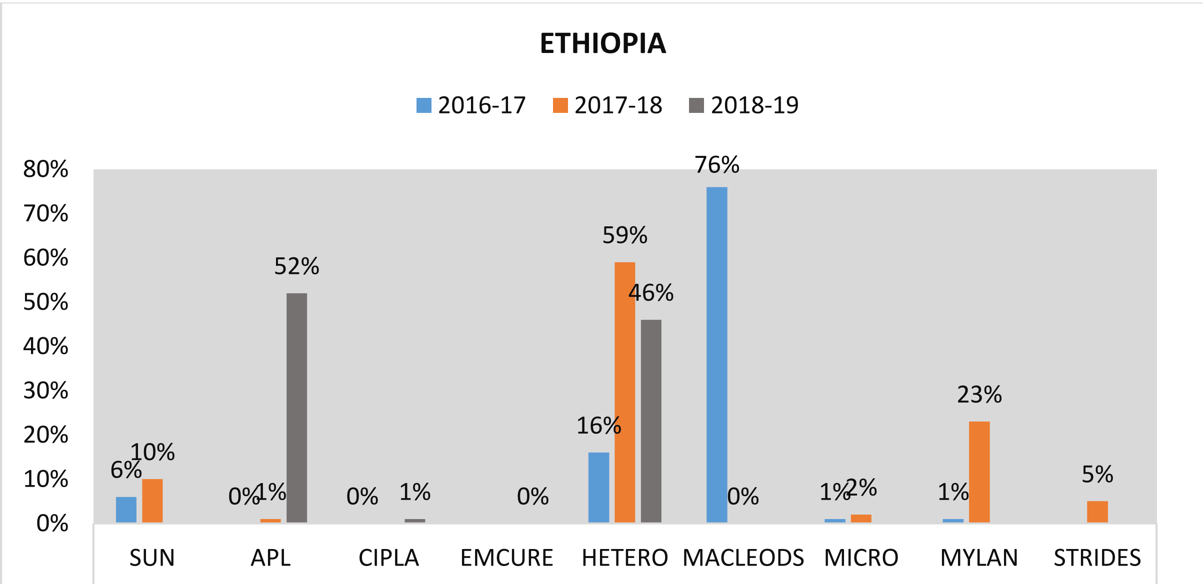
% OF AWARDED VALUE – PRODUCT WISE

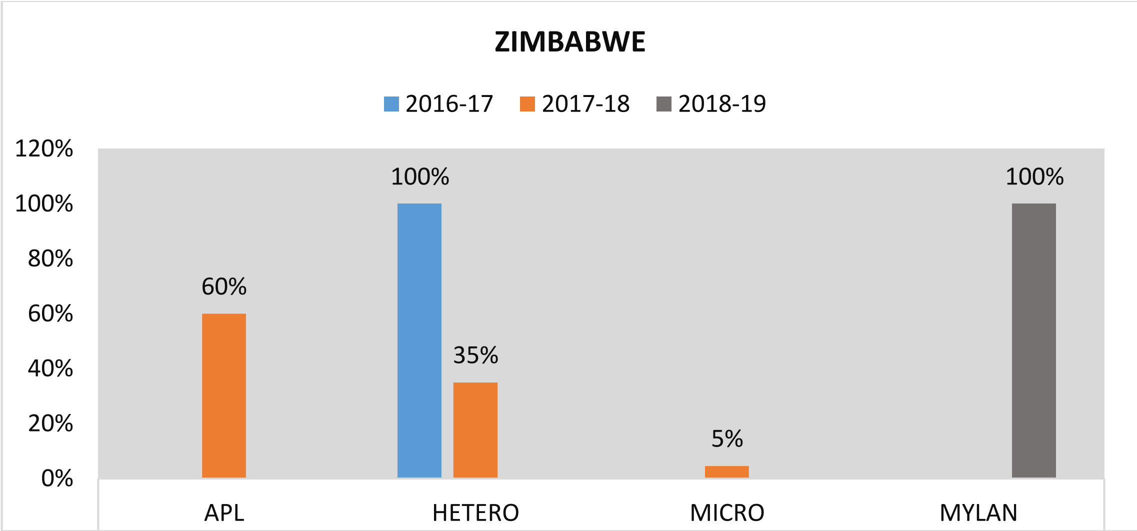


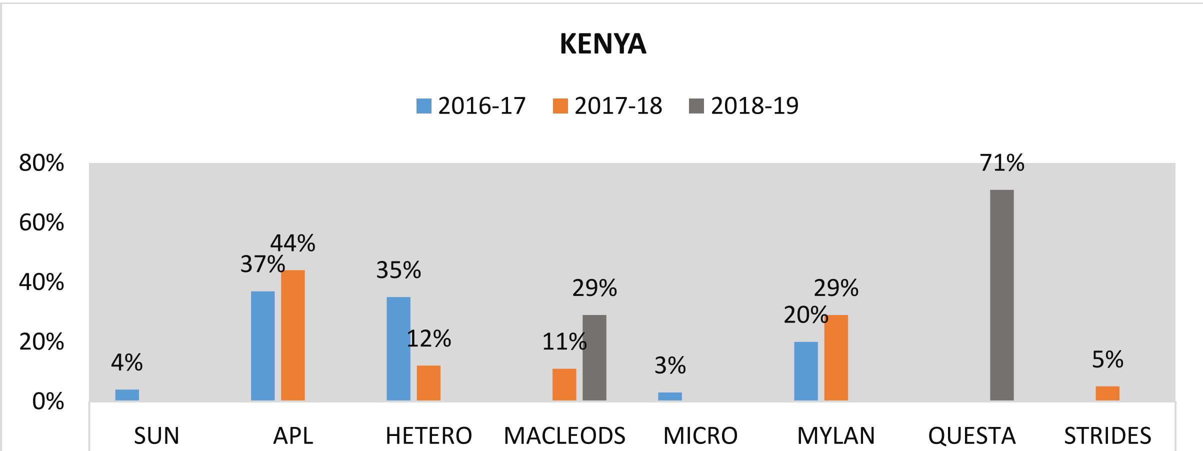


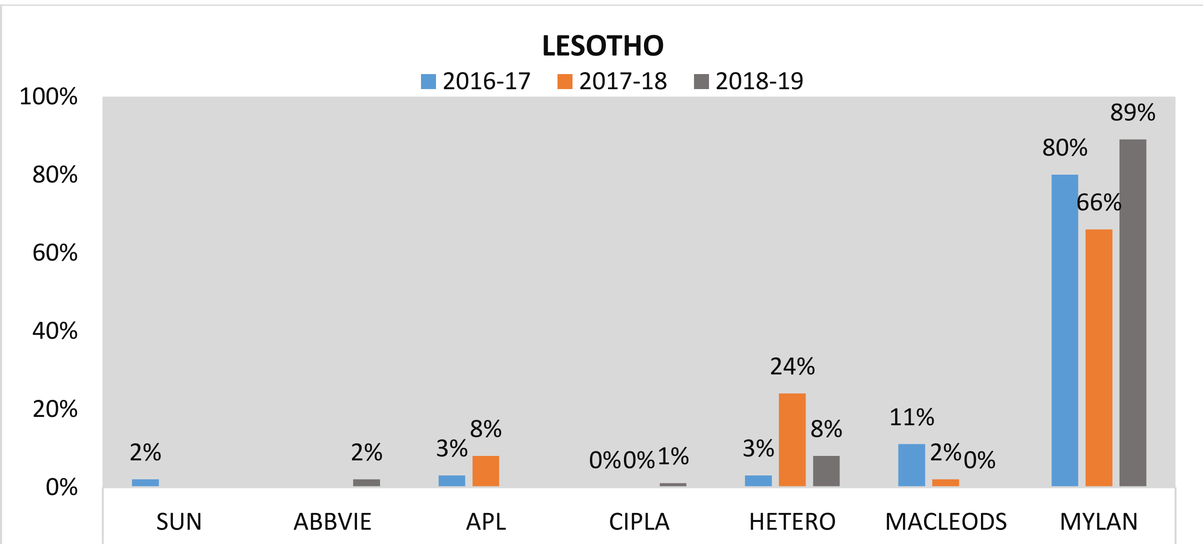
% OF AWARDED VALUE – COUNTRY WISE






ZIMBABWE
2016-17
2017-18
2018-19
120%
100%
80%
60%
40%
20%
0%
60%
100%
35%
5%
100%
APL
HETERO
MICRO
MYLAN


KENYA
2016-17
2017-18
2018-19
80%
60%
40%
20%
0%
4%
37%
44%
35%
12%
11%
29%
3%
20%
29%
71%
5%
SUN
APL
HETERO
MACLEODS
MICRO
MYLAN
QUESTA
STRIDES


LESOTHO
2016-17
2017-18
2018-19
100%
80%
60%
40%
20%
0%
2%
2%
3%
8%
0%
0%
1%
3%
24%
8%
11%
2%
0%
80%
66%
89%
SUN
ABBVIE
APL
CIPLA
HETERO
MACLEODS
MYLAN

DATA INTERPRETATION

% OF TENDERS WON BY APL – COUNTRY WISE

In 2016-17, highest number of tenders won by APL was in CAMEROON.

In 2017-18, highest number of tenders won by APL was in ZIMBABWE.

In 2018-19, highest number of tenders won by APL was in ETHIOPIA.

% OF DIFFERENCE IN APL AND WINNING PRICE – COUNTRY WISE

CAMEROON

YEAR	LOSS IN AWARDED VALUE
2016-17	$5,006879
2017-18	$3,567056
TOTAL LOSS	**$8,573935**

ETHIOPIA

YEAR	LOSS IN AWARDED VALUE
2016-17	$46,293848
2017-18	$43,006256
2018-19	$9,092899
TOTAL LOSS	**$98,393003**

KENYA

YEAR	LOSS IN AWARDED VALUE
2016-17	$57,078704
2017-18	$42,273711
2018-19	$5,400345
TOTAL LOSS	**$104,752760**

LESOTHO

YEAR	LOSS IN AWARDED VALUE
2016-17	$25,586752
2017-18	$2,960712
2018-19	$7,923513
TOTAL LOSS	**$36,470977**

ZIMBABWE

YEAR	LOSS IN AWARDED VALUE
2016-17	$4,217700
2017-18	$6,32,530
2018-19	$3,516400
TOTAL LOSS	**$4,366630**

INCREASE OR DECREASE IN THE CURRENT FREIGHT/PACK – COUNTRY WISE

CAMEROON

- Decrease in the current freight/pack for EFV 600 – lost because of freight charges at the time of participation (DDP AIR, qty - 69,560, diff in price – $0.25)
- Increase in the current freight/pack (CIP AIR) for rest of the products – lost because quoted APL price was high (avg 7% high)

ETHIOPIA

- Decrease in the current freight/pack for TLE – lost because of freight charges at the time of participation (DDP AIR, qty - 9,22,862, diff in price - $0.05)
- Increase in the current freight/pack (C&F AIR) for rest of the lines – lost because quoted APL price was high (avg 18% high)

KENYA

- Out of 7 products, in which there is decrease in the current freight/pack , only for 2 products (LZ, EFV 600) the high freight charge was the reason to lose the tender (DDP AIR,LZ- 80,970, $0.12), (EFV 600- 69,660, $0.06)
- For the rest of the lines (CIP SEA, DDP SEA) – lost because quoted APL price was high (avg 17% high)

LESOTHO

- Out of 16 lines, in which there is decrease in the current freight/pack, only for 2 products the high freight charge was the reason to lose at the time of participation (LPVR - 22,390, $0.24), (ZOS 240 - 9,719, $0.05)
- For the rest of the lines (DDP AIR, DDP SEA) – lost because quoted APL price was high (avg 12% high)

ZIMBABWE

- For all the lines (CIP AIR) – lost because quoted APL price was high (avg 11% high)

% OF AWARDED VALUE- YEAR WISE

- The trend of the awarded value is increasing for CIPLA, MYLAN, QUESTA and APL over the years
- The trend of the awarded value is decreasing for MACLEODS, MICRO, SUN and HETERO over the years
- MYLAN is leading in all the three years
- % of awarded value increased from 2016-17 to 2017-18 and then remains constant for APL

% OF AWARDED VALUE – PRODUCT WISE

The reasons for winning these products by the competitors are as follows,

- **AL – MYLAN -** ↓ in price, LT<REQ LT
- **ALP – MYLAN -** ↓ in price
- **DTG 50 – MYLAN, HETERO, EMCURE** - competitive pricing
- **EFV 600 – HETERO -** ↓ in price
- **LPVR – MYLAN -** ↓ in price; **APL is leading now**
- **LPVRP – MYLAN -** ↓ in price
- **TLD – MYLAN -** only competitor (LESOTHO - 2, ZIMBABWE); **APL is leading now**
- **TLE – HETERO -** ↓ in price
- **NOS 100 – CIPLA** - only competitor (LESOTHO -4, ETHIOPIA, CAMEROON, KENYA)

% OF AWARDED VALUE – COUNTRY WISE

CAMEROON

- There is increase in the trend of the awarded value for SUN and MYLAN over the years
- There is decrease in the trend of the awarded value for APL and HETERO over the years

ETHIOPIA

- There is increase in the trend of the awarded value for SUN, APL, MICRO, MYLAN over the years
- There is decrease in the trend of the awarded value for HETERO and MACLEODS over the years

KENYA

- There is increase in the trend of the awarded value for APL, MACLEODS and MYLAN over the years
- There is decrease in the trend of the awarded value for HETERO over the years

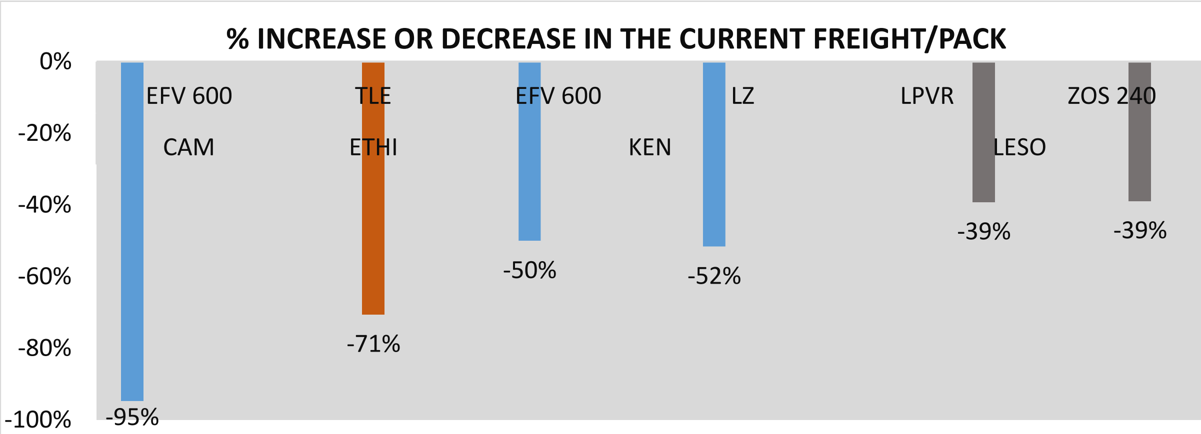
LESOTHO

- There is increase in the trend of the awarded value for APL and MYLAN over the years
- There is decrease in the trend of the awarded value for HETERO and MACLEODS over the years

ZIMBABWE

- APL has won 60% of the awarded value in 2017-18
- There is a decrease in the trend of the awarded value for HETERO

In 4% of the lines (6 lines), APL lost the tenders worth of $6884213 due to high freight charges (Avg % difference in price is 3%)

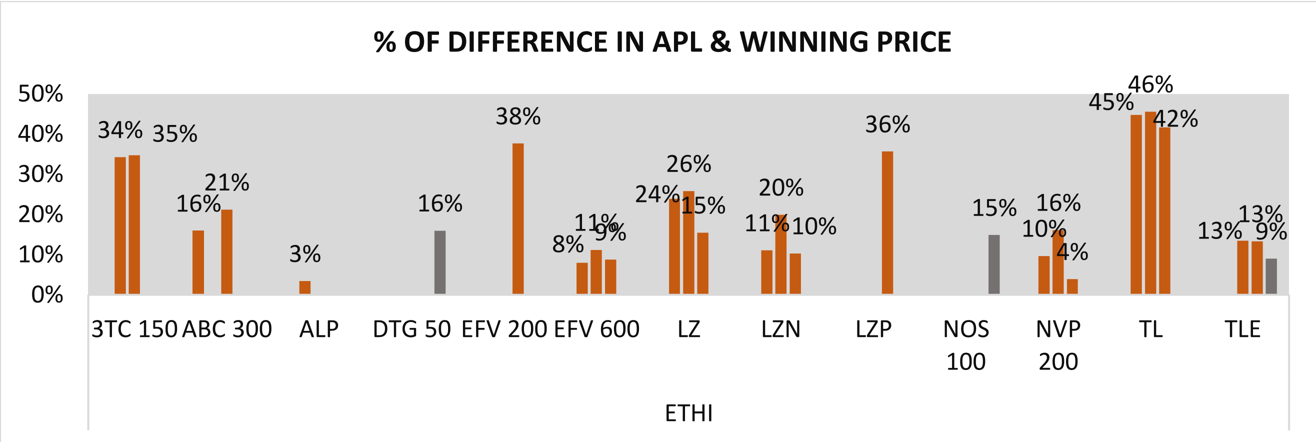


In 13%of the lines (19 lines), current freight decreased, indicating there is scope for further decrease.

In 64% of the lines (92 lines), APL lost due to longer lead time, high APL FOB and registration issue (Avg % difference in price is 14%)

REASONS FOR THE LOSS	COMPETITOR LT < REQUESTED LT	APL LT > REQUESTED LT	REGISTRATION ISSUES	HIGH APL FOB
NO. OF LINES	14	20	2	52
LOSS IN AWARDED VALUE	$8,26,569	$19,300750	$1,11,876	$223,481428
TOP PRODUCTS	AL, EFV 600, LPVR, TLE	DTG 50, LPVR, LPVRP, AL, TLE, EFV 600, ALP	ALP (LESOTHO)	AL, ALP, LPVR, LPVRP, DTG 50, EFV 600, TLE, TLD

In 19% of the lines (27 lines), APL lost the tenders with FOB incoterms due to high APL FOB (Avg % difference in price is 20%)



RECOMMENDATIONS

To win the tenders,

- The price (APL FOB) has to be projected efficiently.
- APL Lead time should match with the one requested by the customer.
- Freight charges should be negotiated efficiently with the freight forwarders for the best price.

ORGANIZATION PROFILE

The company which was started in 1986 manufacturing semi – synthetic penicillin has grown over the years by moving into active pharmaceutical ingredients and formulations and has been able to sustain a prominent place in the international and domestic market.

Aurobindo pharma limited, head quartered in Hyderabad, exports to over 150 countries incurring 90% of its revenue from international operations. It has made it mark in key areas such as neurosciences, cardiovascular, anti – retrovirals, anti – diabetics, gastroenterology and anti – biotics, among others.

The company has a market cap of Rs.36109.98 Crore with net profit of Rs.2423 Crore in the FY18, operating in pharmaceutical and healthcare sector and will become the 2nd largest generic player in the US market post acquisition of SANDOZ'S business

This major player's strength comes from vertical integration where it does not need to buy pharmaceutical ingredients unlike its domestic competitors and thus the company has excelled in its operations

The management was able to focus on making an entry into newer segments like injectables, controlled substance, and nutraceuticals in the US.

By increasing its volume especially in the oral segment, the company was able to cut down on generic drugs pricing.

SPECIFIC OBJECTIVES

Vision

To build a leading global generic pharma company and become one of the top by 2020

Mission

To become the most valued pharma partner to the world pharma fraternity by continuously researching, developing and manufacturing a wide range of pharmaceutical products that comply with the highest regulatory standards.

DEPARTMENT WISE OBSERVATIONS

Business development – ARV

The ARVs contribute almost 6 US$Bn of the revenue incurred by the company with 42 ANDAs. Aurobindo has a advantage of generating more revenue since it is among the first ones to provide the ARV's to the public sector.

The ARVs are sold at both,

- International level through international agencies, key markets include Canada, Brazil and South Africa
- Domestic level through RITES, SAMS (Strategic Alliance Management Services), CMSS (Central Medical Services Society)

Production plan meeting conducted every month along with the officials from supply chain department.

Customer review meetings for any issues and updates from both the sides.

Types of customers

- USAID through CHEMONICS, PEPFAR
- GLOBAL FUND through PFSCM, UNICEF, UNDP, UNOPS. We do have LTA
- LOCAL FUND – MOH of respective countries.
    - ❖ Country tenders
    - ❖ Procurement agency
    - ❖ Request for quotation
    - ❖ Private market

The process of order management

CUSTOMER

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PO(through ERP)

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SO

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GOODS READY

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DOCUMENTS

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INVOICE

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WAIVER (tax, registration)

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SHIPMENT (Air, Sea)

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PAYMENT

A dummy SO will be raised for pre shipment documents which needs to be submitted to the customer for import clearance in their country and the invoice will be made ready to send it to the customer.

Types of tenders

Direct or indirect participation through agents (where, commission is involved)

Conclusive learning

Learnt the whole process of how the department works in terms of order management, tender participation, customer engagement, business expansion in terms of company and product profile at both international and domestic level.

Suggestions for improvement

To increase the capacity of the manufacturing facility for the most demanding products.

Break through into more joint ventures and subsidiaries in other major markets like China, Brazil and other Latin American markets.

Local collaboration with the Indian government to generate more revenue.

Accelerated technological innovations and advances should be implemented in the tender process.

REFERENCES

www.livemint.com

www.economictimes.com

www.aurobindopharma.com